

Docket:	:	<u>A.14-04-037</u>
Exhibit Number	:	<u>DRA-01</u>
Commissioner	:	<u>M. Florio</u>
ALJ	:	<u>D. Farrar</u>
Witness	:	<u>J. Lee</u>



**OFFICE OF RATEPAYER ADVOCATES
CALIFORNIA PUBLIC UTILITIES COMMISSION**

**Report on the Results of Examination
for
Liberty Utilities LLC (U933E)
Vegetation Management Memorandum
Account (VMMA)
May 11, 2012- December 31, 2012**

San Francisco, California
October xx, 2014

TABLE OF CONTENTS

I. INTRODUCTION	1
II. SCOPE AND APPROACH	1
III. RESULTS OF EXAMINATION	2
IV. RECOMMENDATIONS	2
APPENDIX A	3

RESULTS OF EXAMINATION

I. INTRODUCTION

The Office of Ratepayer Advocates (ORA) has performed a limited examination of Liberty Utilities LLC's (Liberty, formerly CalPeco Electric) financial records for the period from May 11, 2012 to December 31, 2012, regarding Liberty's Application (A.)14-04-037 filed with the Commission on April 30, 2014. Liberty seeks Commission approval for recovery of \$2.083 million in costs that were booked to its Vegetation Management Memorandum Account (VMMA) for the costs of tree trimming performed in its service territory.

The objective of ORA's examination was to ensure that costs recorded to the VMMA were supported. This examination included a review of Liberty's books and records.

II. SCOPE AND APPROACH

ORA's examination covered Liberty's vegetation management expenses during the period May 11, 2012 to December 31, 2012. The examination approach included verification of the general ledger integrity. A test basis sample of 27 selections of supporting documents (e.g., invoices, control sheet, and other source data, representing 44% of total expenditures) were examined to determine the accuracy and reasonableness of the bookings to Liberty's VMMA. Documents were reviewed for dates, types, and the unit cost of the service performed which was compared to the related contracts for 2012 from the major service providers (e.g., Asplundh, Mountain F. Enterprises & Davey Resource Group).

ORA also examined the following documents:

- a. Application and work papers;
- b. Recorded expenses by categories;

- c. Matching invoices and work orders with project area map (625-Line area included);
- d. Selected photos identifying work performed (see 20 photos in Appendix A); and
- e. Liberty's Purchase Policies.

Potentially Dangerous Trees around the 625-Line

The North Tahoe Citizen Action Alliance (NTCAA), a party in this proceeding, visually inspected the 625-Line which is included in the 2012 work done as part of this Application. NTCCA claimed that at several locations trees were leaning over the 625-Line and/or the crowns of trees are within the vertical corridor over the 625-Line. Liberty has asked NTCAA to provide the approximate locations of the potentially hazardous trees, including any pictures that NTCAA has of the dangerous tree situations.

According to Liberty, some of these hazardous trees were trimmed between August 14 and August 28, 2014, and others are being scheduled for remediation. The trimming costs for those trees are not included in the period covered by this examination.

III. RESULTS OF EXAMINATION

ORA found no exceptions in Liberty's VMMA system for the recorded transactions which occurred during the examination period.

IV. RECOMMENDATIONS

ORA recommends no adjustments to Liberty's requested \$2.083 million of costs recorded in its VMMA during the period from May 11, 2012 to December 31, 2012.

1

APPENDIX A

2



3

4

Invoice 11156 ID 6069 - 1 Jeffrey pine tree was trimmed.

5



6

1
2

Invoice 11156 ID 6070 - 2 Jeffrey pine trees were trimmed.



3
4
5

Invoice 11156 ID 6080, 6081 - 22 Jeffrey pine trees were removed.



6
7

Invoice 11156 ID 6080, 6081 - 22 Jeffrey pine trees were removed.

1



2

3

Invoice 11156 ID 6083 - 4 Jeffrey pine trees were removed.



4

5

6

Invoice 11156 ID 6085 - 1 Jeffrey pine hazard tree was removed.



1
2

Invoice 11034 ID 2233 - 1 Dead Lodge pole pine hazard tree was removed.



3
4
5

Invoice 11034 ID 2243 - 1 Jeffrey pine tree was removed.



Invoice 11034 ID 2474 - 1 Lodge pole pine tree was trimmed.



Invoice 11034 ID 2480 - 1 Jeffrey pine tree was trimmed.

Record #2481
1 Jeffrey Pine tree was trimmed



1
2
3
4

Invoice 11034 ID 2481 - 1 Jeffrey pine tree was trimmed.

Record #2564
1 Jeffrey Pine tree was trimmed



5
6
7
8
9

Invoice 11034 ID 2564 - 1 Jeffrey pine tree was trimmed.



Invoice 11034 ID 6477 - 1 Jeffrey pine tree was removed.



Invoice 11424 ID 5722 - 2 Jeffrey pine trees were trimmed.



Invoice 11424 ID 5726 – 1 Quaking Aspen tree under lines was trimmed.



Invoice 11424 ID 5729 – Dead limbs overhanging the power lines on this Jeffrey pine tree were removed.



Invoice 11424 ID 5732 - 1 Jeffrey pine tree was removed.



Invoice 11424 ID 6766 - 2 Spruce trees were trimmed.



Invoice 11424 ID 6767 - 1 Jeffrey pine tree was trimmed.



Invoice 11424 ID 6768 - 3 Jeffrey pine trees were trimmed.